

**AIDS LEGAL SERVICES***Santa Clara County Bar Association Law Foundation*

111 West St. John Street, Suite 315

San Jose, California 95113

Fax (408) 293-0106 • Telephone (408) 293-3135 • TDD (408) 294-5607

Dana Kulvin, J.D., M.P.H.  
*Directing Attorney*

John Doherty, J.D.  
*Staff Attorney*

December 15, 1997

Cynthia L. Johnson  
Director, Cash Management Policy & Planning Division  
Financial Management Service  
U.S. Department of the Treasury  
401 14<sup>th</sup> Street, S.W. Room 420  
Washington, DC 20227

RE: Proposed rule on EFT

Dear Ms. Johnson

I am writing on behalf of AIDS Legal Services, and our many client who receive monthly federal benefits to express our views on the Treasury Department's proposed regulations on EFT 99 (31 CFR Part 208). AIDS Legal Services is a non-profit legal organization serving the low-income HIV and AIDS population in Santa Clara County, California. We provide legal service and referrals in the areas of federal and private benefits, consumer rights, debt relief, discrimination, estate planning, among other services.

We support the Treasury's stated goal of using EFT 99 as a way to bring people who currently do not have bank accounts into the financial mainstream so that individuals with lower incomes can enjoy the benefits. However, if the system is not properly set up, it may actually work to the detriment of our clients. Our specific recommendations are listed below.

1. **Waivers.** Individuals should still be able to receive a paper check if EFT would cause difficulties or financial hardship. It should not be dependent on eligibility or lack of a bank account. Additional consideration in waivers should be given to individuals facing communication barriers.
2. **ETA Accounts.** All individuals should be eligible for ETA accounts, and these accounts should be inexpensive or free and provide the necessary features an individual will need to utilize the account. Such features should include: additional deposit capabilities, checks or low cost money orders, account activity information, ATM access, and customer support systems equivalent to those offered for checking accounts at most banks. These services should be required of the banks receiving this influx of new cash, and other costs should be covered by applying the estimated \$1,000,000.00 in savings. It is also critical that ETA account holders are offered the same consumer protections that are afforded to others with accounts at insured depository institutions. All of these requirements are necessary to avoid recipients of federal benefits from being relegated to the back of the banking bus.
3. **Voluntary Accounts.** The Treasury must use its authority to protect individual recipients and prevent abuse which could eliminate many of the benefits contemplated by EFT 99. In particular, the Treasury should look at schemes emerging between banks and check cashers, which deduct exorbitant fees for cashing, money orders and other services.

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Thank you in advance for your time and consideration. The Treasury Department has the opportunity to implement a system which saves the government money and increased the benefits and service to individuals. In order to do this, it must guard against private institutions which are looking to carve out additional profits from the federal benefit programs. Our clients look forward to your response.

Sincerely,

John Doherty  
Acting Director  
AIDS Legal Services.